the public sector deficit and carry out what the world body considered essential reforms;

(b) if so, whether the key components of an adjustment strategy have been discussed by the IMF staff with the Indian authorities;

(c) if so, the outcome of these talks and whether recommendations made by International Monetary Fund have been discussed and the number of these have been accepted;

(d) whether the IMF recommended reduction in unproductive expenditure, such as, fertiliser and food subsidies; and

(e) is so, to what extent the Government has been able to accept them?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATPAL MAHARAJ) : (a) No, Sir.

(b) Does not arise.

(c) to (e) The 1997 Article IV consultations with India were concluded in Washington on April 29, 1997. The Executive Board discussed the Staff Report on July 2, 1997. Unless the member has accepted an IMF arrangement, the Article IV consultation remains only a collaborative exercise between the fund and the member and it does not set a binding agenda.

At the Executive Board of the IMF the authorities' target of lowering the central government deficit to 3% of GDP by the turn of the century was welcomed. They emphasized upon the need to expand the tax base, reduce tax exemptions and improve tax administration to complement the recent tax rate cuts, besides the need to reduce the overall public sector deficit. IMF Directors reiterated the necessity to move toward fiscal consolidation and push forward the structural reforms.

While welcoming the government's approach of promoting public discussion on the issue of subsidies, many directors felt the need for reorienting expenditure from unproductive spending such as subsidies, toward infrastructure and social sectors. On befall of India our excutive Director welcomed the balanced appraisal report and conveyed to the Board that we would benefit from their invaluable suggestions and continue in our pursuit to improve our economic performance.

**Foreign Equity in Liquor**

537.SHRI PRAMOD MAHAJAN : Will the Minister of INDUSTRY be pleased to state:

(a) the details of the policy of the Government for granting approval for foreign equity participation in the alcohal and liquor business in the country;

(b) the number of foreign liquor companies granted approval so far to acquire equity or establish business in India;

(c) the names of such companies and the percentage of foreign equity holding allowed to each company and the specific conditions attached in each case;

(d) the mechanism for monitoring compliance of the conditions imposed;

(e) the number and details of cases of violation/non-compliance of conditions have so far been detected or came to the Government's notice; and

(f) the action taken so far or proposed to be taken in each such case?

THE MINISTER OF INDUSTRY (SHRI MURASOLI MARAN) : (a) Government have been allowing foreign investment for manufacture of potable alcohol, including Indian Made Foreign Liquor (IMFL), within the existing licenced capacity of the Indian Joint Venture Partner so that no fresh capacity is created. All approvals are also subject to the condition that the proposed joint venture shall use the existing licenced capacity of the Indian Partner who must hold an existing valid licence.

(b) to (f) The information is being collected and will be laid on the Table of the House.

**Voluntary Disclosure of Income Scheme**

538. SHRI NARAYAN ATHAWALAY : Will the Minister of FINANCE be pleased to state:

(a) the target fixed and achievements made in collection of direct taxes under Voluntary Disclosure of Income Scheme (VDIS) in the major cities of the country so far;

(b) the details of steps taken to seek cooperation of the State Governments in this regard; and

(c) the details of collection made so far in Maharashtra particularly in Mumbai and share of income likely to accrue to the Income Tax professionals to clarify the provisions of the scheme and benefits likely to accrue under VDIS?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATPAL MAHARAJ) : (a) No target for resource mobilisation have been fixed under the Voluntary Disclosure of Income Scheme, 1997. As the scheme provides that complete confidentiality would be maintained in respect of the declarations, details are not being obtained centrally from the Commissioners regarding the number of declarants or the amounts disclosed, etc.

(b) State Governments have been requested to ensure that VDIS declarations should not form the basis of any enquiry under the relevant state acts.

(c) Details of collections made in Maharashtra cannot be given for the reasons given in part (a) above. Government is not aware of the incomes likely to arise to the Income tax professionals for helping assessees under the VDIS.

**Lalmaria Coal Mines**

539. SHRI JAGDAMBI PRASAD YADAV : Will the Minister of COAL be pleased to state:

(a) whether the Government had earlier proposed to set up a separate coal company by amalgamating the Lalmaria Coal Mines and its adjoining coal mines but later abandoned it on some extraneous conditions;

(b) if so, the details thereof alongwith the reasons therefor; and

(c) the steps taken by the Governments to set up a separate company for the development of the aforesaid coalfield area?

THE MINISTER OF STATE OF THE MINISTRY OF COAL (SHRIMATI KANTI SINGH) : (a) to (c) The Rajmahal Project of Eastern Coalfields Limited (ECL) is situated at Lalmatia. A proposal for a new company with Rajmahal Coalfield and Deogarh Coalfield of ECL was placed before the 124th meeting of the Board of Directors of Coal India Limited held on 29.8.1992. The Board did not agree for creating a separate company because of low volume of output. However, it was suggested that Rajmahal may be put under the control of Director-in-Charge with the powers of Chairman-cum-Managing Director who could take steps for the fast development of these coalfields. The Government has a proposal for creation of a post of Director for Rajmahal group of mines.

*[Translation]*

**Smuggling of Opium, Ganja Etc.**

540. SHRI DADA BABURAO PARANJPE : Will the Minister of FINANCE be pleased to state:

(a) whether the Government are aware of the large scale smuggling of opium, ganja and silver which is going on in Jabalpur, Madhya Pradesh in connivance with local police officials; and

(b) if so, the measures taken so far by the Union Government to check it?

THE MINISTER OF STATE IN THE MINISTRY FINANCE (SHRI SATPAL MAHARAJ) : (a) and (b) The information is being collected and will be laid on the Table of the House.

**Growth Rate**

541. SHRI PANKAJ CHOWDHARY : Will the Minister of FINANCE be pleased to state:

(a) whether there has been decline in the country's economy during the last few years;

(b) if so, the reasons therefor;

(c) whether the Government propose to take immediate action to bring about improvement in the economy; and

(d) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATPAL MAHARAJ) : (a) to (d) As per estimates released by the Central Statistical Organisation (CSO), total GDP growth at factor cost during 1996–97 was 6.8 per cent. With this, the Eighth Five Year plan (1992–1997) ended with an average annual growth rate of 6.5 per cent compared with 6.0 per cent during the Seventh Five Year Plan.

The government announced a number of economic reforms measures in the Budget 1997–98 to boost industrial and overall growth. These include reduction of income tax and corporate tax rates, rationalisation of excise and custom duties, removal of restrictions in agriculture, industry, trade, giving functional autonomy to PSUs, etc.

**Economic Reforms**

542. SHRI D.P. YADAV : Will the Minister of FINANCE be pleased to state:

(a) whether the interference of International monetary Fund and World Bank in Indian Economy is constantly increasing since the implementation of economic reforms;

(b) if so, the reaction of the Government thereto;

(c) whether the poverty will be eliminated as a result of eight per cent growth rate of the country;

(d) if so, whether the foreign exchange reserve of India has increased due to economic reform but the balance of payment is not satisfactory; and

(e) if so, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATPAL MAHARAJ) : (a) and (b) There is no interference of International Monetary Fund (IMF) and World Bank (WB) in the implementation of economic reforms.

(c) A durable solution for elimination of poverty is to bring about sustained growth in incomes and productive employment. This is the basic objective of economic reforms. Two main factors on which poverty reduction ultimately depends are (i) growth rate of population and (ii) growth rate of Gross Domestic Product (GDP). If the economy grows at eight per cent per annum on an average for next 10–15 years, it is possible that with appropriate policies, poverty can be eliminated within one generation.

(d) and (e) The economic stabilisation measures undertaken by the Government since 1991 have produced